

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Social Services	(2) MEETING DATE 3/5/2013	(3) CONTACT/PHONE Trish Avery Caldwell 805.781.1831	
(4) SUBJECT Request to approve an amendment (Clerk's File) to extend the term of the California Work Opportunity and Responsibility to Kids (CalWORKs) Information Network (CalWIN) Agreement with HP Enterprise Services, LLC (HPES) effective August 1, 2013 through July 31, 2015.			
(5) RECOMMENDED ACTION It is recommended that your Board approve, and direct the Chairperson to sign the Amendment No. III for CalWIN maintenance and operation (M&O) services for the County with HP Enterprise Services, LLC (HPES) effective August 1, 2013 through July 31, 2015.			
(6) FUNDING SOURCE(S) Federal & State County	(7) CURRENT YEAR FINANCIAL IMPACT FY 13-14 \$ 868,759 (County share= \$56,469)	(8) ANNUAL FINANCIAL IMPACT FY 13-14 \$ 868,759 (County share= \$56,469)	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 19001240		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date <u>August 11, 2009 Amend II</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Emily Jackson			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Social Services/Trish Avery Caldwell
805.781.1831

DATE: 3/5/2013

SUBJECT: Request to approve an amendment (Clerk's File) to extend the term of the California Work Opportunity and Responsibility to Kids (CalWORKs) Information Network (CalWIN) Agreement with HP Enterprise Services, LLC (HPES) effective August 1, 2013 through July 31, 2015.

RECOMMENDATION

It is recommended that your Board approve, and direct the Chairperson to sign the Amendment No. III for CalWIN maintenance and operation (M&O) services for the County with HP Enterprise Services, LLC (HPES) effective August 1, 2013 through July 31, 2015.

DISCUSSION

As early as 1985 the California Department of Social Services (CDSS) had a vision for a Statewide Automated Welfare System (SAWS) to manage program delivery of social service benefits. However it wasn't until Fiscal year (FY) 1995-1996 that funding was allocated and Federal government mandated all welfare agencies in the State of California to develop and implement SAWS to streamline services and increase the accuracy of eligibility and benefit calculations. The end result was three (3) state systems: 1) CalWIN, 2) Los Angeles Eligibility Automated Determination, Evaluation and Reporting (LEADER), and 3) Consortium IV (C-IV). The CalWIN system was implemented in San Luis Obispo County May 1, 2006, and was designated the SAWS solution for the Welfare Client Data System (WCDS) consortium that comprises 18 California counties.

The CalWIN system was developed as a client-based, on-line, real-time automated system with multiple subsystems to support eligibility and benefits determination, client correspondence, management reports, interfaces and case management for public assistance programs. CalWIN supports the following social service programs:

- California Work Opportunity and Responsibility to Kids (CalWORKs)
- Refugee Cash Assistance (RCA)
- CalFresh (CF)
- Medi-Cal
- Cash Assistance Program for Immigrants (CAPI)
- In-home Supportive Services (IHSS)
- Foster Care
- Kinship Guardianship Assistance Payment Program (KinGAP)
- Cal-Learn
- General Assistance (GA)

- **Healthy Families**

In addition, CalWIN provides automated support for employment services for Welfare-to-Work (WTW), Child Care, and the CalFresh Employment Program.

On January 4, 2000, your Board approved the existing Information Technology Agreement (Agreement) with HPES (then EDS) for CalWIN development, implementation, maintenance and operation (M&O) services that became effective February 2000 and scheduled to terminate July 31, 2008. Subsequently, on December 4, 2007, by Agenda Item No. B-10, your Board approved Amendment I to extend services through July 2010 and to increase the maximum reimbursement amount of the Agreement to cover additional M&O costs. Additionally, the amendment included one (1) three-year extension period beyond the initial expiration date which the Counties could exercise at their sole discretion.

On August 11, 2009, by Agenda Item No. A-14, your Board approved Amendment II, to extend services from August 1, 2010 through July 31, 2013 along with a total maximum consortium reimbursable amount of \$142,117,625 during this period. The extension was intended to provide enough time to complete a competitive procurement as required by State and Federal regulations and the increase was to cover costs related to extending the Agreement. Together the increase of \$142,117,625 and previously approved budget amount of \$540,044,415 resulted in a total contract amount under Amendment II of \$682,162,041, spread among the 18 counties in the consortium.

In 2010, based on the approved Amendment II, WCDS began the process to replace the current CalWIN vendor via competitive procurement. Unfortunately federal-driven timelines and projects resulted in delays of this process and CalWIN is proposing, through this Amendment III, to enter into a two-year, sole source extension of the current contract with HPES. This two-year extension was approved by State and Federal partners in late 2012 and will keep HPES as the current vendor through July 31, 2015, at which time a new, competitively sourced contract will be in effect. The contract amount for the Amendment III period is \$124,218,402 and will result in the total contract amount under Amendment III being \$806,380,443, spread among the 18 counties in the consortium.

Each of the 18 CalWIN counties' costs is based on their individual share of the consortium caseload along with anticipated expenditures. The share-of-cost per county is based on the number and location of CalWIN workstations, caseload volumes, and CalWIN application software modifications. If approved, Amendment III will ensure HPES will continue to provide ongoing M&O services needed to maintain the integrity of the CalWIN system and support the County's vision of a community that is well governed. The total cost for San Luis Obispo County's share of services is outlined in the Financial Considerations section of this letter.

OTHER AGENCY INVOLVEMENT/IMPACT

The County actively participated in the consortium activities resulting in this amendment. Participation in the contract is required as a condition of Consortium membership. County Counsel has reviewed and approved this contract as to legal form and effect.

FINANCIAL CONSIDERATIONS

The HPES contract is a statewide contract that represents the computerized needs of the eighteen (18) consortium counties and is funded with our County's annual CalWIN allocation which pays for most of our County's share of the system costs, with an approximate 6.5% County share. The CalWIN allocation funds other costs as well, such as project staff salaries, travel and equipment maintenance. This letter and amendment focuses on the HPES Maintenance and operation (M&O) contract only, since the revenue and expenditure detail related to the CalWIN allocation is part of the annual budget approval process.

State HPES CalWIN Contract Costs

The consortium of 18 counties approved the HPES (then EDS) contract in January 2000 and the CalWIN Project development began February 2000. The CalWIN system requires ongoing M&O services to be provided by HPES. The CalWIN consortium of counties has worked with HPES/EDS during the past thirteen (13) years. During this time several contract modifications were needed and initiated with change orders or "change requests" (CR's). The CR's were implemented to adjust budgets and/or extend project schedules as needed for application and State policy changes as well as updated caseload projections and equipment replacements. Each of the 18 CalWIN counties' costs is based on their individual share of the consortium caseload along with anticipated expenditures. The total cost of the proposed Amendment III is \$124,218,402 and will add 24 months to the term of the Agreement. This amendment will increase the total maximum reimbursable amount of the Agreement from \$682,162,041 to \$806,380,443.

The table below summarizes the original and amended HPES/EDS Agreement amounts.

Amended Agreement	CalWIN Consortium Costs Mos 1-125	CalWIN Consortium Costs Mos 126-161	CalWIN Consortium Costs Mos 162-173	CalWIN Consortium Costs Mos 174-185	CalWIN Consortium Total Costs Mos. 1-185
2000 Original Agt	\$257,033,211	\$59,319,718	\$0.00	\$0.00	\$316,352,929
2007 Amend. No. I New Total Agt. Amt	\$483,854,928	\$86,674,775	\$0.00	\$0.00	\$570,529,703
2010 Amend No. II New Total Agt. Amt	\$540,044,415	\$142,117,625	\$0.00	\$0.00	\$682,162,040
2013 Amend No. III New Total Agt. Amt	\$540,044,415	\$142,117,625	\$62,121,746	\$62,096,656	\$806,380,443

County HPES CalWIN Contract Costs

The total cost for San Luis Obispo County's share of services over the 24 month term of Amendment III is projected at \$1,737,517 (or approximately 1.4% of the total \$124,218,402) with a net County cost of approximately \$112,939 (6.5%) after Federal and State reimbursement. This cost is established based on the state estimated cost allocation of our program caseload count. Relative costs between counties may change due to factors such as relative caseload changes, specific programs charged for various work, and new premise funding.

Due to WCDS requiring Board approval of this amendment on behalf of the consortium counties no later than July 1, 2013 it is necessary for all 18 counties to submit this change to their Boards' for approval as quickly as possible and prior to July 1, 2013 to ensure no lapse in CalWIN M&O. The requested FY 2013-2014 DSS budget includes funding for CalWIN, including the HPES contract costs and will require no additional General Fund contributions, assuming that the department's requested budget is approved by the Board. If the funding for this amendment is not approved during budget hearings in mid-June the contract allows for cancellation based on a lack of funding as with all funded contracts that the County enters into. The table below reflects San Luis Obispo County's EDS/HPES contract costs for prior and current fiscal years as well as the estimates for the next two (2) fiscal years under the proposed amendment.

EDS/HPES Contract Costs for San Luis Obispo County				Sharing Ratios*	
Fiscal Year	Costs	State & Federal Share	County Match	Fed/St	Co
07-08 Actual	\$684,799	\$648,505	\$36,294	94.7%	5.3%
08-09 Actual	\$666,601	\$628,605	\$37,996	94.3%	5.7%

EDS/HPES Contract Costs for San Luis Obispo County				Sharing Ratios*	
Fiscal Year	Costs	State & Federal Share	County Match	Fed/St	Co
09-10 Actual	\$570,656	\$536,987	\$33,669	94.1%	5.9%
10-11 Actual	\$616,219	\$577,398	\$38,821	93.7%	6.3%
11-12 Actual	\$537,390	\$504,609	\$32,781	93.9%	6.1%
12-13 Estimate	\$818,252	\$765,066	\$53,186	93.5%	6.5%
13-14 Estimate	\$868,759	\$812,289	\$56,469	93.5%	6.5%
14-15 Estimate	\$868,759	\$812,289	\$56,469	93.5%	6.5%

* Sharing Ratios are based on state estimated cost allocations which are based on estimated caseload counts.

RESULTS

In 2006 the CalWIN system replaced the WCDS system that was in operation for more than thirty-one (31) years in San Luis Obispo County. The new system was developed to meet current and projected programmatic data, tracking and technical needs. After converting from Case Data System (CDS) to CalWIN on May 1, 2006, the following outcomes have been realized:

- Pending applications have decreased approximately seventeen percent (17%) as processing speed has increased.
- Immediate need benefit issuance in CalWORKs and Expedited Services in Food Assistance are consistently completed timely (within 3 days of application).
- Duplicate aid payments issued (i.e., overpayments) to participants have been eliminated. *This result is due to the fact CalWIN is a person specific system verses a case specific system. Based on a review of system records six (6) months prior to CalWIN "go-live", a reduction in duplicated aid issuance has resulted in an estimated annual cost savings of \$15,000 of County-only funds.*
- Regulations are applied in a more effective, consistent manner, as CalWIN is a regulation driven system, requiring less interpretation from the worker, and a benefit issuance review prior to authorizing benefits.
- CalWIN has resulted in a fifty percent (50%) reduction in forms inventory as both Department and State forms are now available on-line therefore reducing both the number of County maintained paper forms and storage costs.

The fully integrated CalWIN system has increased availability of required information to staff, improved notification to participants regarding changes to their benefits, and reduced system errors, which has resulted in consistently and accurately providing participants with correct information and benefits in a timely manner.

ATTACHMENTS

1. Clerk's File Statement